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Secretary
Federal Communications Commission
1919 M Street, NW
Washington, DC 20554

Comments RE: FCC MD Docket no. 95-3

The Maine Association of Broadcasters, by its President, William Devine III, hereby submits its Comments in response to the Commission's Notice of Proposed Rulemaking, MD Docket No. 95-3, FCC 95-14, released January 12, 1995 (the "NPRM").

The Commission has initiated this Notice of Proposed Rulemaking to revise its Schedule of Regulatory Fees in order to recover the amount of regulatory fees that Congress, pursuant to section 9 of the Communications Act, has required it to collect for Fiscal Year 1995.

In its original Schedule of Regulatory Fees for Fiscal Year 1994 (47 C.F.R. §§ 1.1152-1.1155), the Commission set fees for radio station licensees based solely on their class of operation, without regard to service area or population base. In the same schedule, fees for commercial VHF and UHF television stations were set on a sliding scale, according to their ranking

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by Arbitron market size. Thus, TV stations in markets 1-10 pay a higher fee than those in markets 11-25, and so on.

In the above-referenced NPRM, the Commission seeks to address the inherent inequity in the original radio fee schedule by dividing radio stations as to whether they are in an Arbitron-rated or non-Arbitron-rated market. The net result is a significant fee increase for stations in rated markets and a fee decrease for stations in non-rated markets.

While we applaud the Commission for recognizing the undue burden that the original fee schedule placed on stations outside rated markets, we feel that the proposed revisions to the radio fee schedule are only a first step, and an inadequate one, in addressing the revenue disparity among radio stations of the same class operating in different rated-market sizes.

The division of radio stations by Arbitron/non-Arbitron markets still fails to address the huge differences in service area and revenue base among stations operating within the same class. For example: A class C FM station operating in Tampa, Florida (Arbitron Market #22, Tampa-St. Petersburg-Clearwater, FL, Broadcasting & Cable Yearbook 1994, p. B-598), posted 1993 revenues of $13.0 million (table, "A Competitive View of

Tampa," Radio World Magazine, Jan. 1995, p. 13). The applicable fee of $1,525, as proposed in the above-referenced NPRM, would represent just over one-one-hundredth of one percent (.012%) of the station's annual revenues.

By contrast, the entire broadcast revenues of the Augusta-Waterville, Maine, market (Arbitron #241) has been estimated at $5.5 million (Radio Business Report Source Guide, 1994, pp 3-11). The Augusta-Waterville market includes six FM and four AM radio stations which are "home to the market" and another four FMs listed "below the line," which have sufficient ratings to aggresively compete for a share of the Augusta-Waterville revenues (Arbitron Market Report, Augusta-Waterville, Spring 1994). Although there is no reliable source for individual stations' revenues in this market, simple mathematics would suggest an average revenue of approximately $500,000 per FM station. In fact, given the ratings differences among the competing stations, some would likely generate significantly higher revenues, while others would generate significantly less than average.

In Augusta-Waterville, Maine, a total of 12-13 radio stations share a revenue pool that is less than 43% of that enjoyed by one single station in Tampa, Florida. Yet, a Class B or C station in Augusta-Waterville would pay the same dollar amount in fees ($1,525) as would the station in Tampa. That dollar amount would represent 3/10ths of 1% (.3%) of the "average" station's annual revenues -- and, proportionately, a 30-times greater share of annual revenues than that paid by the Tampa station.

Radio stations are mandated by the Commission to serve the public interest, providing unique benefits through their news, public affairs and informational programming. Radio stations in the smaller Arbitron markets serve areas that are comparatively rural and sparsely populated. By making these stations pay fees equivalent to those paid by stations in larger markets, and with far larger revenue bases, this public service will be imperiled.

The radio station in Maine that earns a million dollars in annual revenues is the rare exception. Many radio stations in Maine have been forced into buyouts, consolidations and local marketing agreements -- not out of a desire to build empires, but of the need to reduce operating expenses and realize economies of scale. The headlines tell us that the recession is over and the nation is enjoying economic growth. The reality in Maine is that gross state product, real income growth and employment all continue to lag behind national averages.

The majority of radio stations in Maine have been forced by the lingering effects of the recession to cut back their local news and programming efforts and to supplant their local announcing staffs with satellite services. We believe the higher fees that would result from lumping all Arbitron-market radio stations into the same fee schedule would force further cutbacks in local news and programming in smaller markets. As the more rural, sparsely populated areas of the nation have fewer radio services to begin with, the imposition of an additional financial burden on those few stations that do exist is one which the Commission should not allow.

We therefore urge the Commission to consider the market size of each broadcaster when determining the appropriate regulatory fee to be assessed and to adopt a sliding scale of fees based on market sizes, similar to the one adopted for television in the original Schedule. The smaller the market, the lower the fee should be. If the radio fees are not adjusted based on relative market ranking, smaller broadcasters will be forced to make operational cutbacks that ultimately will affect their level of service to the public. Such an outcome clearly does not serve the public interest.

While we wish to assume our fair share of the burden of regulatory fees, we believe the Arbitron/non-Arbitron fee division is unfairly burdensome on small-market stations. We urge the Commission to revisit the issue of service area and revenue base when considering its fee schedule for radio, to consider the issue of ability to pay, and to realize that radio stations in Maine and other small states and rural areas do not enjoy the same advantages as do stations in the top ten, or 20, or even the top 150 markets.

We thank the Commission for its consideration of our comments.